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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation.

RAJYA SABHA

The following Bill was introduced in the Rajya Sabha on the
6th September, 1990:—

BILL NO. LVII OF 1990

A Bill further to amend the Reserve Bank of India Act, 1934.

BE it enacted by Parliament in the Forty-first Year of the Republic
of India as follows:—

1. This Act may be called the Reserve Bank of India (Amendment) Act, 1990. Short
title.

2. In section 42 of the Reserve Bank of India Act, 1934,—

(a) in the proviso to sub-section (J), for the words “fifteen per cent.”, the words “twenty per cent.” shall be substituted;

(b) in sub-section (IAA), for the words “fifteen per cent.”, the words “twenty per cent.” shall be substituted.

Amend-
ment of
section
42 of
Act 2
of 1934.

STATEMENT OF OBJECTS AND REASONS

At present there is a Cash Reserve Ratio prescribed in sub-section (1) of section 42 of the Reserve Bank of India Act, 1934 (2 of 1934), to the effect that the average daily balance required to be maintained by every bank included in the Second Schedule to the Act with the Reserve Bank of India shall not be less than three per cent. and not more than fifteen per cent. of the total of the demand and time liabilities of such bank in India. Sub-section (1A) of that section empowers the Reserve Bank to direct, by notification in the Official Gazette, every scheduled bank to maintain an additional average daily balance on incremental deposits with reference to a date to be specified in such notification. Sub-section (1AA) of that section provides an overall limit of the aggregate of average daily balance and the additional average daily balance and the limit is set at fifteen per cent. of the total of the demand and time liabilities of the bank as shown in the return required to be furnished under sub-section (2) of that section.

2. Now it is proposed to amend sub-sections (1) and (1AA) of section 42 of the Reserve Bank of India Act, 1934 (2 of 1934) to enable the Reserve Bank of India to raise, as and when necessary, the ceiling on Cash Reserve Ratio from fifteen per cent. to twenty per cent. to achieve the following objectives, namely:—

(a) to make effective use of Cash Reserve Ratio as an instrument to curb the excess liquidity in the economy;

(b) the Government has set control of inflation as one of its primary policy objectives. Effectiveness of the Cash Reserve Ratio instrument for controlling liquidity has been significantly reduced as most public sector banks are already maintaining Cash Reserve Ratio at levels very close to the present statutory limit of fifteen per cent. Enhancement of the ceiling on the Cash Reserve Ratio from fifteen per cent. to twenty per cent. would help in checking liquidity and thereby inflation.

3. The Bill seeks to achieve the above objects.

MADHU DANDAVATE.

SUDARSHAN AGARWAL,
Secretary-General.